

COUNTY OF SAN DIEGO, CALIFORNIA
BOARD OF SUPERVISORS POLICY

Subject

Legislative Policy: Alcoholic Beverage Excise Taxes

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Purpose

To establish the Board of Supervisors' legislative policy regarding enactment of alcoholic beverage excise taxes, and to provide guidance to the County's legislative representatives when advocating the County's interests to legislators, other elected officials and policy makers.

Background

Alcohol taxes have been differentially applied to various types of alcohol products, resulting in beer and wine being taxed at such low rates in California that they are often less costly than soft drinks or fruit juice. Alcohol taxes are based on a flat cents-per-gallon rate, rather than on sales price, and are not indexed to inflation. The result is a loss of alcohol tax revenue to the State.

The Analysis of the Economic Costs of Alcohol and Other Drug Abuse in San Diego County (October 2002) indicated a total 1998 cost of alcohol and other drugs in San Diego County at \$3.9 billion. This cost includes criminal justice expenditures, substance abuse-related health conditions, core health and lost productivity costs. The combined cost of expenditures on treatment and prevention in San Diego County accounts for less than two percent of the total economic cost of alcohol and illicit drug use.

Policy

The legislative policy of the Board of Supervisors regarding enactment of alcohol beverage excise taxes is to:

1. Support legislation that would establish an equalized tax on beer, wine, and distilled spirits based on alcohol content using the present distilled spirits tax as a baseline.
2. Support legislation to change the State's excise tax laws on alcohol by allowing the indexing of the tax rate for inflation using the California Consumer Price Index to equitably increase State alcohol tax revenue.
3. Support legislation that would allocate alcohol excise taxes proportionally to counties, thereby assisting counties in responding to health, social, and economic costs of alcohol and other related problems.
4. Support legislation that would allocate a portion of the new generated revenue to under funded counties to help achieve equity in alcohol and other related programs.
5. Support legislation that would require alcoholic beverages containing any amount of distilled spirits in the final product to be taxed as distilled spirits.

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6. Oppose legislation that would place into the constitution inadequate alcohol excise tax limits.
7. Oppose legislation that would not guarantee a fair distribution of proceeds for counties to address alcohol related health care and law enforcement needs.

Responsible Departments

Health and Human Services Agency
Office of Strategy and Intergovernmental Affairs

Sunset Date

This policy will be reviewed for continuance by 12-31-14.

References

Board Action 3/7/84 (4)
Board Action 2/6/90 (33)
Board Action 4/13/99 (42A)
Board Action 1/13/04 (13)
Board Action 12/11/07 (14)